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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re)	Chapter 11
)	
Crédito Real, S.A.B. de C.V., SOFOM, E.N.R., ¹)	Involuntary Case No. 22-10842 (DSJ)
)	
Putative Debtor.)	
_____)	

**DECLARATION OF ROBERT WAGSTAFF IN SUPPORT OF (I) MOTION OF THE
PUTATIVE DEBTOR TO TRANSFER VENUE OF THE INVOLUNTARY CHAPTER 11
CASE TO THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF
DELAWARE AND (II) MOTION OF THE PUTATIVE DEBTOR
TO DISMISS THE INVOLUNTARY CHAPTER 11 PETITION**

I, Robert Wagstaff, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am a managing director with Riveron Consulting, LLC (“**Riveron**”) and have been appointed as the foreign representative by Mr. Fernando Alonso-de-Florida Rivero, the court-

¹ The Putative Debtor’s corporate headquarters is located at Avenida Insurgentes Sur No. 730, 20th Floor, Colonia del Valle Norte, Alcaldía Benito Juárez, 03103, Mexico City, Mexico.

appointed provisional liquidator (*Mexican Liquidator Judicial Provisional*) (the “**Mexican Liquidator**”)² of the Special Expedited Commercial proceeding (*Via Sumaria Especial Mercantil*) for the dissolution and liquidation (the “**Mexican Liquidation Proceeding**”) of Crédito Real, S.A.B. de C.V., SOFOM, E.N.R., (“**Crédito Real**” or the “**Putative Debtor**”) pending in the 52nd Civil State Court of Mexico City (the “**Mexican Court**”) pursuant to articles 229, 232, 233, 236, and others of the *Ley General de Sociedades Mercantiles*, as originally published in the *Diario Oficial de la Federación* on August 4, 1934 and last revised on June 14, 2018 (as amended, the “**Mexican Corporations Law**”). Riveron also acts as the financial advisor to the Putative Debtor.

2. I submit this declaration (the “**Declaration**”)³ in support of (i) the *Motion of the Putative Debtor to Transfer Venue of the Involuntary Chapter 11 Case to the United States Bankruptcy Court for the District of Delaware* and (ii) the *Motion of the Putative Debtor to Dismiss the Involuntary Chapter 11 Petition* (collectively, the “**Motions**”).

3. The statements made in this Declaration are based on my personal knowledge, publicly available information, or information and records in the possession, custody, or control of the Putative Debtor, which I understand to be true and correct. I declare the following statements are true to the best of my knowledge, information, and belief formed after a reasonable inquiry under the circumstances.

4. I am over the age of 18 and authorized to submit this Declaration on behalf of the Putative Debtor in the above-captioned involuntary chapter 11 case (the “**Involuntary Case**”). If called as a witness I would testify truthfully to the matters stated in this Declaration.

5. This Declaration is comprised of the following (I) a description of my background

² On June 30, 2022, the Mexican Court appointed the Mexican Liquidator on a provisional basis.

³ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motions (as defined herein).

and qualifications, (II) an overview of the Putative Debtor, and (III) a description of the location of the Putative Debtor's Assets.

I. Background and Qualifications

6. I am a Managing Director at Riveron Consulting, LLC in the Restructuring & Turnaround Services division. During my career of over 30 years, I have led and executed financial advisory engagements in every major country in the Americas, including managing restructuring and acquisition advisory engagements, sourcing and valuing transactions, and managing post-acquisition integrations.

7. Prior to joining Riveron, I held managing director positions in the corporate finance groups at FTI Consulting ("**FTI**"), Frontera Capital Advisors ("**Frontera**"), and Berkeley Research Group ("**BRG**"). In general, my responsibilities at these firms included managing a team of professionals that provided consulting services to both debtors and creditors in a wide array of industries and in a variety of situations. For example, while at FTI, I led a team of professionals that was responsible for restructuring Chrysler Financials' Mexico operations during the Great Recession from 2007 to 2009. While at Frontera, I led a long term multi-jurisdictional advisory engagement responsible for managing the operating cash flow and ultimate liquidation of a group of assets located in Latin America. My primary goal in that assignment was to maximize recoveries for a group of investors that fell victim to a multi-million-dollar Ponzi scheme. In my role at BRG, I routinely managed engagements representing the interests of foreign investors in acquisitions of companies in Latin America. At Riveron, one of my most notable recent and ongoing assignments is as financial advisor to the Committee of Unsecured Creditors in the LATAM Airlines Chapter 11 case, where I also served as an expert witness on complex waterfall recovery analyses. In addition, I am currently serving in an advisory capacity to the Central

Government of Puerto Rico and certain public corporations whereby I have assisted it in the restructuring of \$120 billion in funded debt and unfunded pension obligations.

8. Before taking on the foregoing consulting roles, I held various senior level positions in finance and operations at Sitel Group (“**Sitel**”), an international publicly traded company that specialized in call center and related services. I initially served as Sitel’s Executive Director of Mergers and Acquisitions and completed multiple acquisitions as well as the formation of a joint venture during my tenure in this position. Subsequently, I became Sitel’s Chief Financial Officer and was responsible for, among other things, all external and internal financial reporting for Latin America. Finally, I was appointed as the Chief Executive Officer of the Mexico and Central America divisions while the company was in a financially distressed situation and was successful in returning operations to profitability.

9. Riveron Consulting, LLC has been advising the Putative Debtor on strategic and restructuring initiatives since June 23, 2022, including by providing general financial advisory services.

II. Overview of the Putative Debtor

10. The Putative Debtor, together with its non-debtor affiliates (collectively, the “**Company**,” and all such affiliates that are not the Putative Debtor are referred to herein as “**Non-Debtors**”), operates a leading specialty finance business based in Mexico City, Mexico. The Putative Debtor has over US\$2.5 billion of funded debt obligations. The Company began operations in 1993 and has built a diversified and scalable business platform that offered financial solutions to market segments generally underserved by the traditional banking system, primarily through the following types of financing products: (i) loans paid via payroll deduction (“**PDLs**”); (ii) consumer loans; (iii) loans for new and used car purchases (the “**Car Loans**”); (iv) small and

medium enterprise loans (“**SME Loans**” and together with the PDLs, the consumer loans, and the Car Loans, the “**Crédito Loans**”); and (v) factoring and leasing designed to fund working capital needs of small and medium enterprises (“**Factoring and Leasing**”).

11. The Putative Debtor is a Mexican publicly-traded entity with variable capital (*Sociedad Anónima Bursátil de Capital Variable* or S.A.B. de C.V.) and an unregulated multiple-purpose financial entity (*Sociedad Financiera de Objeto Múltiple* or “**SOFOM**”; *Entidad No Regulada* or “**E.N.R.**”) organized in Mexico under Mexican laws and under the supervision of the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or “**CNBV**”).

i. Location of the Putative Debtor’s Registered Office and Records

12. The Putative Debtor is incorporated in Mexico, and at all times since its incorporation, it has maintained its registered offices in Mexico.⁴ The Putative Debtor has its registered office, headquarters, and principal place of business at Avenida Insurgentes Sur No. 730, 20th Floor, Colonia del Valle Norte, Alcaldía Benito Juárez, 03103, Mexico City, Mexico, from where the Company’s operations, finances, corporate management, employee management and payroll, and short- and long-term strategic planning have been historically directed. All correspondence of the Putative Debtor is sent from its registered office, including to all investors.

13. The Putative Debtor is also a resident of Mexico for tax purposes, and its statutory books and records are held in Mexico.

ii. Location of the Putative Debtor’s Management and Employees

14. All board meetings of the Putative Debtor were held in Mexico, where a majority

⁴ The Putative Debtor was registered in the Public Registry of Commerce of Mexico City on February 16, 1993. See Official Tax Identification Form, attached hereto as **Exhibit A**, together with a certified translation into English.

of the former directors resided.

15. On June 28, 2022, a shareholder of the Putative Debtor, Mr. Angel Francisco Romanos Berrondo,⁵ filed a petition in his capacity solely as a shareholder seeking to commence the Mexican Liquidation Proceeding. On June 30, 2022, the Mexican Liquidator was appointed by the Mexican Court for the Putative Debtor. As a matter of Mexican law, the Mexican Liquidator has displaced the Putative Debtor's directors and management and assumed full responsibility for all assets and operations of the Putative Debtor. The Mexican Liquidator is an independent fiduciary duly appointed by and subject to the supervision of the Mexican Court and is based in Mexico.

16. The Putative Debtor has 255 employees, including management and administrative staff that manages the assets and operations of the Putative Debtor under the authority and control of the Mexican Liquidator. All of these employees are based in Mexico.

III. Location of the Putative Debtors' Assets

17. The Company's specialty finance business is primarily conducted in Mexico. All of the PDLs, consumer loans, and SME Loans portfolios are originated and paid in Mexico and approximately 34% of the Car Loans portfolio is originated and paid in Mexico.

18. Based on publicly available information as at December 31, 2021, the Putative Debtor's largest asset is a portfolio of Mexican PDL Loans, which represents 55% of the Crédito Loans. In addition, collectively the Putative Debtor and its direct and indirect subsidiaries in Mexico are the issuers of Mexican Car Loans that represent another 3% of the Crédito Loans. All Crédito Loans issued by the Putative Debtor were originated in Mexico, are governed by Mexican law, and more than 80% of the borrowers of Crédito Loans originated by the Putative Debtor are

⁵ Mr. Romanos is a former officer and director of the Putative Debtor.

located in Mexico.

19. In the United States, the Putative Debtor's principal asset is its equity interest in its wholly owned subsidiary, Crédito Real USA, Inc. ("**Crédito USA**"), an entity incorporated in 2015 in Wilmington, Delaware. A copy of Crédito USA's Delaware Certificate of Incorporation is attached as **Exhibit B**. The U.S. entities' day-to-day operations are performed by three U.S.-based subsidiaries. The first, Crédito Real USA Finance, LLC ("**CRUSAFIN**"), operates out of Florida, originates car loans nationwide and manages a car loan portfolio. The second, Crédito Real USA Business Capital, LLC, operates out of Texas and manages a SME Loan portfolio. The third, Camino Financial, Inc., operates out of California and manages a consumer loan portfolio. All three business operations are owned by Crédito USA. As of the quarter ended December 31, 2021, CRUSAFIN's car loan portfolio was almost twice as large as the Putative Debtor's car loan portfolio in Mexico, and collectively Crédito USA and its subsidiaries⁶ accounted for 8% of the Company's total loan portfolio. Based on information provided by the Company, the estimated value of the equity of Crédito USA is estimated to approximately US\$85 million.

20. The Putative Debtor's property in New York includes a bank account located in New York City with Citibank that has held an average balance of US\$3.95 million for the past six months (the "**NY Bank Account**").⁷ The NY Bank Account was established for the purpose of funding the U.S. subsidiaries and complying with requirements under the indentures governed by New York law. Thus, the funds held in the NY Bank Account are significantly less valuable than

⁶ Crédito USA owns equity in eight (8) U.S.-based subsidiaries: (i) CR-MPM, LLC (Delaware), (ii) CR-MPM Financial, LLC (Delaware), (iii) CR USA SME, LLC (Delaware), (iv) Money Mercado, Inc. (Texas), (v) Camino Financial, Inc. (Delaware), (vi) CREAL Houston, LLC (Delaware), (vii) Crédito Real USA Business Capital, LLC (Delaware), and (viii) Crédito Real USA Finance, LLC (Florida). Further, Crédito Real USA Finance, LLC wholly owns two (2) U.S.-based subsidiaries: (i) Auto Funding Services, LLC (Florida) and (ii) Credito Real USA Receivables, LLC (Delaware).

⁷ Currently, the NY Bank Account has a balance of approximately US\$1.3 million.

the Putative Debtor's principal U.S. asset, namely its wholly-owned equity interest in Crédito USA, which is located in Delaware.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: July 14, 2022
Miami, Florida

/s/ Robert Wagstaff
Robert Wagstaff
Managing Director
Riveron Consulting, LLC